

20 April 2026

Bermaz Auto

Driving Recovery Growth

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Following our recent engagement with BAUTO, we remain optimistic on its recovery drive strategy. FY26 net profit is expected to surpass the RM80m mark, driven by huge demand for Mazda 3 1.5L, CX-5 new pricing strategy, and acceleration in EV demand for Xpeng brand. Over FY27, bottom-line will be boosted by the cessation of losses from Kia Malaysia Sdn Bhd (c.RM23.1m losses for FY26), with a further uplift from the all-new launches i.e. its bread-and-butter all-new CX-5 (new generation), new sub-compact SUV and potentially Mazda 6e EV. We raised FY26 and FY27 net profit forecasts respectively by 10% and 4%, which is above consensus, driven by higher vehicles demand (Mazda 3 1.5L and expected all-new launches) with expanded margins as MYR has strengthened against JPY. We also raise our TP to RM1.15 (from RM1.10) and reiterate our OUTPERFORM call.

FY26 (year-end April) reaching above RM80m profit mark. Based on the back of the envelope calculation, we estimate 4QFY26 (Feb-Apr 2026) net profit to be within RM25m-RM30m (-23% to -8% QoQ), based on average ASPs and net profit margin as of 3QFY26. This is due to the shorter delivery period in February from festive holidays (Mazda local sales at 396 units), while March and April sales are expected to recover strongly on longer working month, estimated to be within the range of 1k to 1.3k units per month. These was driven largely from the stronger delivery of Mazda 3 1.5L of up to 700 units per month, Mazda CX-30 and supported by the delivery of face-lifted launch of Mazda CX-5 (200-250 units per month vs 100-150 units pre-launch). With the on-going energy crisis, Xpeng EVs received overwhelming bookings, rising from 80-unit bookings per month to 100-150 units per months which signify the acceleration towards EVs. Overall, this implies FY26 net profit in the range of RM83.1m-RM88.1m, which is at 108%-114% of our previous estimate. Moreover, 4Q dividend is estimated to be at 2.5 sen, bringing full-year to 6.25 sen (upgraded in this note from previous expectation at 5.3 sen), promising a dividend yield of 7%. Note that, BAUTO indicates that the shipment of Mazda 3 1.5L CBU is on track as per schedule and shipment delay is at a lesser risk now as shipping liners re-position their fleet around the Middle-East crisis (longer route but safer).

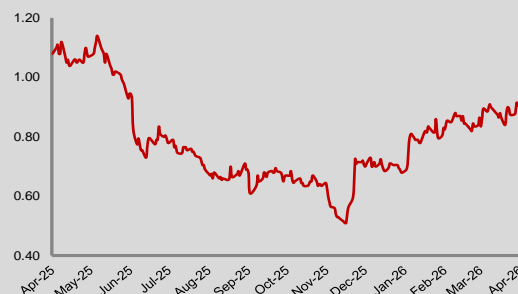
FY27 reaching above RM100m profit mark. Based on the back of the envelope calculation, we estimated FY27 net profit to race above RM100m which includes cessation of Kia Malaysia Sdn Bhd's losses (as of 9MFY26, BAUTO share of losses was RM21.6m) and the continued delivery of existing models and boosted by all-new models. Upcoming all-new models includes Mazda CX5 2.5L CBU by July 2026, CKD by June 2027 which is expected to be priced competitively at RM160k-RM180k (estimated pricing range based on CX-5 historical pricing). All-new Mazda SUV B-Segment (sub-compact) targeting CKD price of as low as RM110k (estimated pricing based on closest competitors such as Proton X50) by end-2027 or early-2028 (bigger than Mazda 2 with CX30 platform) is expected to be the new volume driver. On the other hand, Xpeng is expected to launch CKD at EPMB Melaka plant by June 2026, with more new models launches towards value-for-money segment with code-name of DO2 and DO3 by end-CY27.

The 2026 Mazda CX-5 (CBU in July 2026, CKD in June 2027) marks the introduction of the model's third generation, featuring a larger body, updated technology, and evolutionary design changes. It is expected to

OUTPERFORM ↔

Price: RM0.95
Target Price: RM1.15 ↑

Share Price Performance



KLCI	1,695.21
YTD KLCI chg	0.9%
YTD stock price chg	33.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	BAUTO MK Equity
Market Cap (RM m)	1,078.4
Shares Outstanding	1,135.1
52-week range (H)	1.15
52-week range (L)	0.50
3-mth avg daily vol:	4,087,176
Free Float	59%
Beta	1.2

Major Shareholders

Dynamic Milestone Sdn Bhd	16.6%
Amanah Saham Nasional	7.6%
Lembaga Tabung Haji	7.1%

Summary Earnings Table

FY Apr (RM m)	2025A	2026F	2027F
Revenue	2,623.8	1,788.1	2,260.5
EBIT	212.7	97.2	151.3
PBT	224.3	116.8	174.6
Core net profit	155.9	84.6	126.5
Consensus (NP)	-	80.2	107.7
Earnings Revision	-	+10%	+4%
Core EPS (sen)	13.4	7.3	10.9
Core EPS growth (%)	-54.9	-45.7	49.5
NDPS (sen)	16.8	6.3	8.7
BVPS (RM)	0.57	0.50	0.46
PER (x)	7.1	13.0	8.7
PBV (x)	1.7	1.9	2.1
Net Gearing (x)	N.Cash	N.Cash	N.Cash
Net Div. Yield (%)	17.6	6.7	9.2

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make its public debut at the Kuala Lumpur International Mobility Show (KLIMS) in June 2026, with a market launch projected for July 2026. Its pricing is expected to be competitive within the range of RM160k-RM180k (estimates based on CX-5 historical pricing) pending approved pricing on official launches. Note that, the recent face-lifted Mazda CX-5 (price lowered by RM10k) features bigger infotainment, bigger rims, which saw uptick in sales to 200-250 units per month from 100-150 units. In response to rising China automakers' market share, BAUTO affirmed that they are targeting niche market for Mazda enthusiast which has been their defensive forte move compared to other Japanese carmakers.

New Compact SUV (B-Segment/Sub-compact) by end-2027/early-2028 – new volume driver? A new, as-yet-unnamed B-segment SUV is expected to emerge from Mazda's investment in Thailand, which is being established as a regional hub for next-generation compact SUVs. This model is considered a volume-focused, "new compact SUV" tied to future production plans. The size of the vehicle will be larger than Mazda 2 and on Mazda CX-30 platform. Mazda has shown a "Vision X-Compact" concept, featuring new Skyactiv-Z engine technology, potentially influencing the design and technology of future small cars. Mazda is transitioning to Phase 2 (2025–2027) of its electrification strategy, which involves upgrading production lines to facilitate the manufacturing of new compact hybrid (MHEV) models.

The Mazda 6e, newcomer EV, price tag at RM250k? With the ending of CBU incentives, all-new CBU entry is expected to be priced at RM250k. The Mazda 6e (also known as the EZ-6 in China) is a mid-size electric sedan launched in 2024-2025 as a joint venture with Changan Automobile. It features a 78-kWh battery (560 km WLTP range) and a 190-kW rear-wheel-drive electric motor. Designed for comfort with premium features, it aims to deliver EV mobility with traditional Mazda styling and handling characteristics. It is described by Mazda Thailand as the first '100% electric vehicle (BEV) developed by Mazda under the multi-solution technology approach and the Thai-market 6e model is a CBU import from Changan's plant in Nanjing.

A recap on ceasing of Kia Business. BAUTO and Kia Corporation has mutually terminated the Kia Agreements through a memorandum of agreement dated 28 November 2025. All distributorship agreements, service and warranty agreements and other ancillary agreements with Kia and its 66.67% owned subsidiary, Kia Malaysia Sdn Bhd pertaining to the distribution, provision of after-sales services and supply of spare parts of Kia vehicles in Malaysia has ceased. We estimate loss avoidance from ceasing of Kia business at c.RM23.1m (as of 9MFY26, BAUTO share of losses was RM21.6m, with expected leftover potential losses of c.RM1.5m to be recognised in 4QFY26). We applaud the termination, which we view as a strategy to cease future losses from the Kia business as the local automotive landscape is transitioning towards more affordable vehicles market (Kia entry-level model, the Kia Sportage is priced above RM140k, while Kia Carnival MPV diesel variant sales have been heavily affected by the rising diesel fuel cost which surpassed RM6/litre). In context, BAUTO funded its portion of RM20m (33.33% stake in KMSB) and RM3.25m (65% stake in DJMSB) from internal generated funds, and have recovered all of its investments which started in 2021.

Forecasts. We raised FY26 and FY27 net profit forecasts by 10% and 4%, respectively, driven by higher vehicles demand i.e. Mazda 3 1.5L and expected all-new launches which includes Mazda CX-5, Mazda sub-compact volume driver, Mazda 6e, and Xpeng G6/D02/D03 as well as the benefit of MYR strengthening against JPY, with the currency falling from RM2.96/100JPY in Dec 2025 to RM2.53 in Mar 2026, lowering costs for Malaysian importers of Japanese goods.









Valuations. We also raised our TP by 5% to RM1.15 (from RM1.10) on unchanged 9x CY27F PER which is at 2x multiple discounts to the sector's average forward PER of 11x and also the same discounts to BAUTO's 5-year average historical PER. Our PER valuation of 9x reflects a reversion to historical level of above 1k units/ month and to its historical profit base of RM100m. We expect earnings risk to subside for non-nationals space especially the competition in mid-market and luxury segments with the stricter barrier of entry of new EV brands/models (RM250k floor price for CBU EVs and localisation policy). There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see Page 5).

Investment case. We like BAUTO for: (i) its strong near-term earnings visibility backed by a total order backlog of 3.5k units (which is at higher level vs a year ago at 1.5k units), (ii) its premium mid-market Mazda brand that offers superior margins, and (iii) its attractive dividend yield of about 7%. We expects BAUTO to benefit from the recent weakening of JPY against MYR, more so, as it expands its new Mazda launches towards CBU (CBU/CKD mix of 50%/50% expected in FY26 vs 40%/60% in FY25) such as its CX-60, CX-80 and Mazda 3 have garnered strong demand from the market especially for its all-new Mazda 3 (RM118,900 for the 1.5L High Plus model) which offers an attractive price point compared to previous launches. Maintain **OUTPERFORM**.

In response to the Chinese automakers' localisation plan, BAUTO has acquired a strategic stake of 11.54% in EP Manufacturing Bhd (EPMB) which provides contract assembly for key Chinese models which will enable BAUTO to benefit (as well as better control over its Xpeng brand localisation) from the expected stronger sales of Chinese value-for-money offerings. Key Chinese models include Xpeng G6 SUV and X9 MPV (BAUTO is the exclusive dealership and distributorship for Xpeng), GWM Haval H6 Hybrid, GWM Jolion, GWM Wey G9 MPV, BAIC BJ40P, X55II SUV and currently in the critical stage for localisation of MG vehicles. Moreover, for Mazda, it currently focuses on Japanese Domestic Market (JDM) niche market value-for-money offerings to boost its near-to-mid-term earnings, while on the longer horizon, it is currently in negotiation for a better pricing for its upcoming models such as the long-awaited all-new Mazda CX-5 (CBU by July 2026, CKD by 2027).

Risks to our call include: (i) consumers cutting back on discretionary spending (particularly big-ticket items like new cars) amidst high inflation, (ii) supply chain disruptions, (iii) escalating input costs, and (iv) MYR weakens against JPY.

BAUTO's New Models in CY2025/26

	<p>CX-5 MS LE (Jan '25)</p> 	<p>New CX-60 (Aug '25)</p> 	<p>New CX-80 (Aug '25)</p> 	<p>New CX-5 CBU (July '26)</p> 
	<p>All-New G6 CBU (Aug 24')</p> 	<p>All-New X9 FL 2026 (May 26')</p>		

Source: Company, Kenanga Research

Various new launches to spur the demand



MAZDA 6e (EV)

Mazda CX-5 (all-new Gen)



Xpeng Mona DO3

Source: Company, Kenanga Research

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Income Statement				
FY Apr (RM m)	2025A	2026F	2027F	2028F
Revenue	2,623.8	1,788.1	2,260.5	2,860.8
EBIT	212.7	97.2	151.3	193.3
Other Income	9.8	7.2	9.0	11.4
Interest Inc/(Exp)	-2.5	4.1	6.2	6.9
Associate	14.1	15.5	17.1	18.8
PBT	224.3	116.8	174.6	219.0
Taxation	-56.5	-27.4	-41.0	-51.5
Minority Interest	-11.9	-4.7	-7.1	-8.9
Net Profit	155.9	84.6	126.5	158.7

Financial Data & Ratios				
FY Apr	2025A	2026F	2027F	2028F
Growth (%)				
Revenue	-33.2	-31.9	26.4	26.6
EBITDA	-31.2	-61.8	33.5	26.6
Op. Profit	-51.2	-54.3	55.6	27.8
PBT	-53.6	-47.9	49.5	25.5
CNP	-54.9	-45.7	49.5	25.5
Profitability (%)				
Operating Margin	8.1	5.4	6.7	6.8
PBT Margin	8.5	6.5	7.7	7.7
Core Net Margin	5.9	4.7	5.6	5.5
ROA	8.8	5.1	7.4	8.5
ROE	21.0	13.6	22.7	31.0

Balance Sheet				
FY Apr (RM m)	2025A	2026F	2027F	2028F
Fixed Assets	45.6	41.1	35.8	29.7
Int. Assets	0.5	0.5	0.5	0.5
Other F. Assets	488.7	488.7	488.7	488.7
Inventories	499.1	346.9	432.9	542.2
Receivables	209.8	172.8	193.7	220.2
Other Current Assets	14.5	14.5	14.5	14.5
Cash	432.8	582.0	610.6	639.3
Total Assets	1,691.0	1,646.6	1,776.7	1,935.2
Payables	225.9	128.5	183.5	253.5
ST Borrowings	225.6	225.6	225.6	225.6
Other ST Liabilities	136.4	263.3	390.2	517.1
LT Borrowings	0.0	0.0	0.0	0.0
Other LT Liabilities	367.9	367.9	367.9	367.9
Net Assets	735.2	660.4	608.0	568.9
Shareholders' Equity	659.1	584.2	531.8	492.7
Minority Interests	76.2	76.2	76.2	76.2
Total Equity	735.2	660.4	608.0	568.9

Leverage				
Debt/Asset (x)	0.1	0.1	0.1	0.1
Debt/Equity (x)	0.3	0.4	0.4	0.5
Net Cash/(Debt)	(207.2)	(356.4)	(384.9)	(413.7)
N.Debt/Equity(x)	(0.3)	(0.6)	(0.7)	(0.8)
Valuations				
Core EPS (sen)	13.4	7.3	10.9	13.7
NDPS (sen)	16.8	6.3	8.7	10.9
BV/sh (RM)	0.6	0.5	0.5	0.4
PER (x)	7.1	13.0	8.7	7.0
Div. Yield (%)	17.6	6.7	9.2	11.5
PBV (x)	1.7	1.9	2.1	2.2
EV/EBITDA (x)	16.4	22.7	15.7	12.8

Cashflow Statement				
FY Apr (RM m)	2025A	2026F	2027F	2028F
Operating CF	226.1	206.3	109.5	133.0
Investing CF	69.7	12.4	14.0	15.7
Financing CF	-224.5	-69.5	-94.9	-120.0
Change In Cash	71.3	149.2	28.5	28.7
Free CF	221.5	201.7	104.9	128.5

Source: Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
BERMAZ AUTO BHD	OP	0.950	1.15	21.1%	1,103.0	Y	04/2026	7.3	10.9	-45.7%	49.5%	13.0	8.7	1.7	12.1%	6.3	6.7%
DRB-HICOM BHD	UP	1.19	0.620	-47.9%	2,300.3	Y	12/2025	5.1	5.4	55.4%	6.3%	23.3	21.9	0.2	0.9%	3.0	2.5%
HIL INDUSTRIES BHD	OP	0.665	0.850	27.8%	220.7	Y	12/2025	11.2	11.4	2.8%	2.3%	5.9	5.8	0.4	7.2%	2.0	3.0%
HONG LEONG INDUSTRIES BHD	OP	17.30	18.90	9.2%	5,672.7	Y	06/2026	157.4	160.6	2.7%	2.0%	11.0	10.8	2.2	21.4%	110.0	6.4%
MBM RESOURCES BHD	MP	5.02	4.90	-2.4%	1,962.3	Y	12/2025	81.6	82.2	-5.9%	0.7%	6.1	6.1	0.7	11.5%	45.0	9.0%
SIME DARBY BHD	OP	2.22	2.75	23.9%	15,098.2	Y	06/2026	19.8	21.5	15.6%	8.1%	11.2	10.3	0.8	7.0%	14.0	6.3%
TAN CHONG MOTOR HOLDINGS BHD	UP	0.505	0.290	-42.6%	339.4	Y	12/2025	(27.2)	(25.6)	-189.1%	-194.2%	N.A.	N.A.	0.1	-7.2%	1.0	2.0%
SECTOR AGGREGATE					26,696.5					7.9%	8.2%	12.0	11.1	0.7	5.6%		5.1%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	★
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
SPECIFIC	Electric & Hybrid Vehicles Availability	★	★	★	
	Supply Chain Management	★	★	★	★
	Energy Efficiency	★	★	★	
	Effluent & Water Management	★	★	★	★
	Training & Education	★	★	★	★
OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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